
Office of Student Financial Assistance

SFA Modernization Partner

Target State Vision

Task Order 8

April 10, 2001



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Submitted to:

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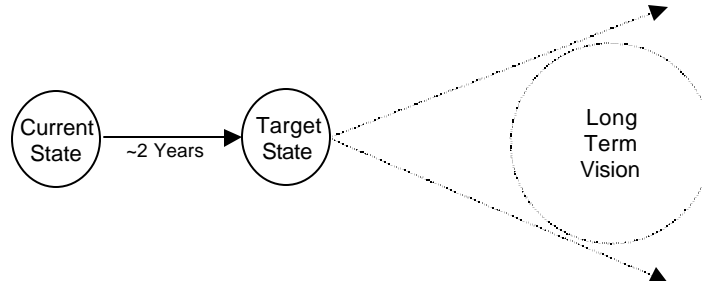
Washington, DC

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1.0 Executive Summary

This Target State Vision represents the shared understanding of SFA executives regarding where we want to take this organization. This document and the concepts presented within will be the focal point for driving SFA's modernization efforts. We plan to align all of SFA's performance plans, investment decisions, blueprints and sequencing plans with the vision described here. The Target State



Vision is the starting point for anyone striving to understand SFA modernization.

This Target State Vision presents the capabilities SFA wants to deliver over the next 2 years. These capabilities are those which SFA has judged to be the most critical to achieving our performance objectives of improving customer satisfaction, reducing unit cost and improving employee satisfaction. Opportunities beyond the Target State remain in our long term vision. We continue to aim SFA at seizing these long-term opportunities along with those included in the Target State.

There are two main components of the Target State Vision as shown in the table below. Section 2 of the Target State Vision describes each of these two components.

Target State Vision Components			
	SFA Application Architecture (Target 2002)	 Align Develop	SFA Workforce Support Framework

Making the Target State Vision a reality will require many changes. The Target State Vision identifies the most critical changes as the Top 10 Modernization Priorities. Figure 1 shows how each priority enables key elements of the vision.

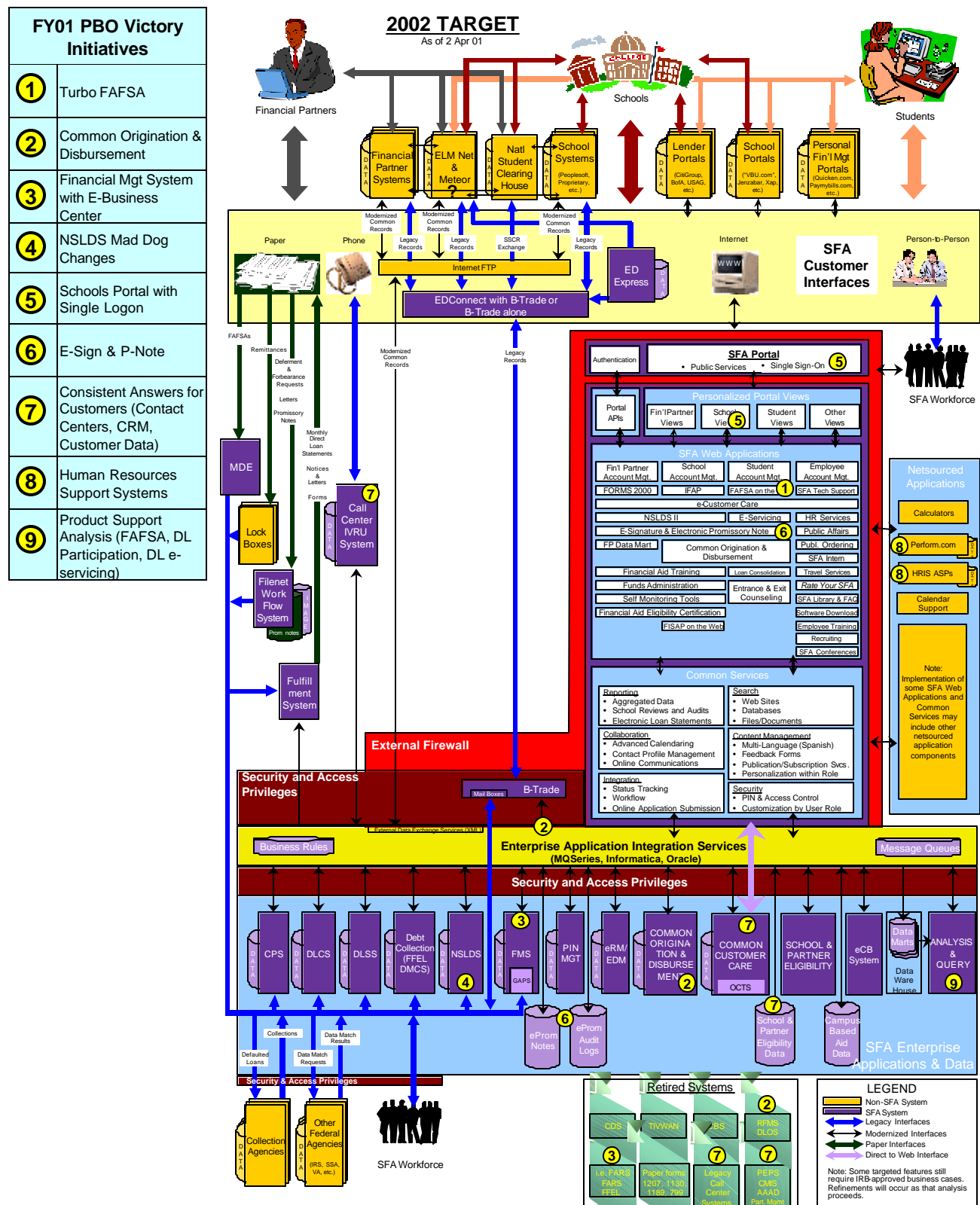


Figure 1: Modernization Priorities Highlight Key Changes Needed to Achieve Target State Vision

Section 3 of the Target State Vision presents visions of the Target State from the customer's and employee's point of view, building on the *Imagine This* vignettes from the September 1999 Modernization Blueprint. The Target State Vision expands on the vignettes by identifying key "backstage" capabilities SFA must deliver to make these envisioned customer experiences a reality.

Section 4 describes the role of the Target State Vision in modernization planning.

Next Steps

This Target State Vision is intended to actively shape and guide our efforts. Towards that end, we recommend the following next steps with regard to the Target State Vision

- Share and Communicate the Target State Vision

The Target State Vision is intended in part to help build a common understanding amongst all SFA stakeholders regarding the direction of SFA modernization. SFA, Modernization Partner, and Operating Partner senior management need to personally explain this vision to their staffs and thereby reinforce the vision's authority with their own. This process will need to be iterative as these discussions will identify vision refinements that will in turn need to be communicated.

- Validate that modernization projects align with Target State priorities

We need to integrate the Target State vision and priorities into SFA's investment decision and design processes. This includes demonstrating that our planned projects are both consistent with our priorities and sufficient to deliver the Target State capabilities. We also need to verify that our financing abilities are sufficient to fund this over the target time period. This validation will occur through SFA's Investment Review Board Processes (see Section 4). If a project does not fit the vision, one of three things should happen:

- The vision is wrong – enhance it
- The idea behind the project is ahead of its time and our Target State Vision
- The idea behind the project is not applicable to SFA or where SFA wants to go.

- Define the Next Level of Detail

The Target State Vision answers many questions about SFA's direction but also raises new ones. We will need to link the vision to more detailed work that

describes its various components (e.g., the SFA Skill Catalog ties to the Key Skills section of the SFA Workforce Support Framework).

- Link each “backstage implication” to modernization projects

The “Customer and Employee Vignettes” section of the Target State Vision identifies key “backstage” capabilities SFA must address to fully make each vignette a reality. These backstage implications need to be linked to current or future modernization projects.

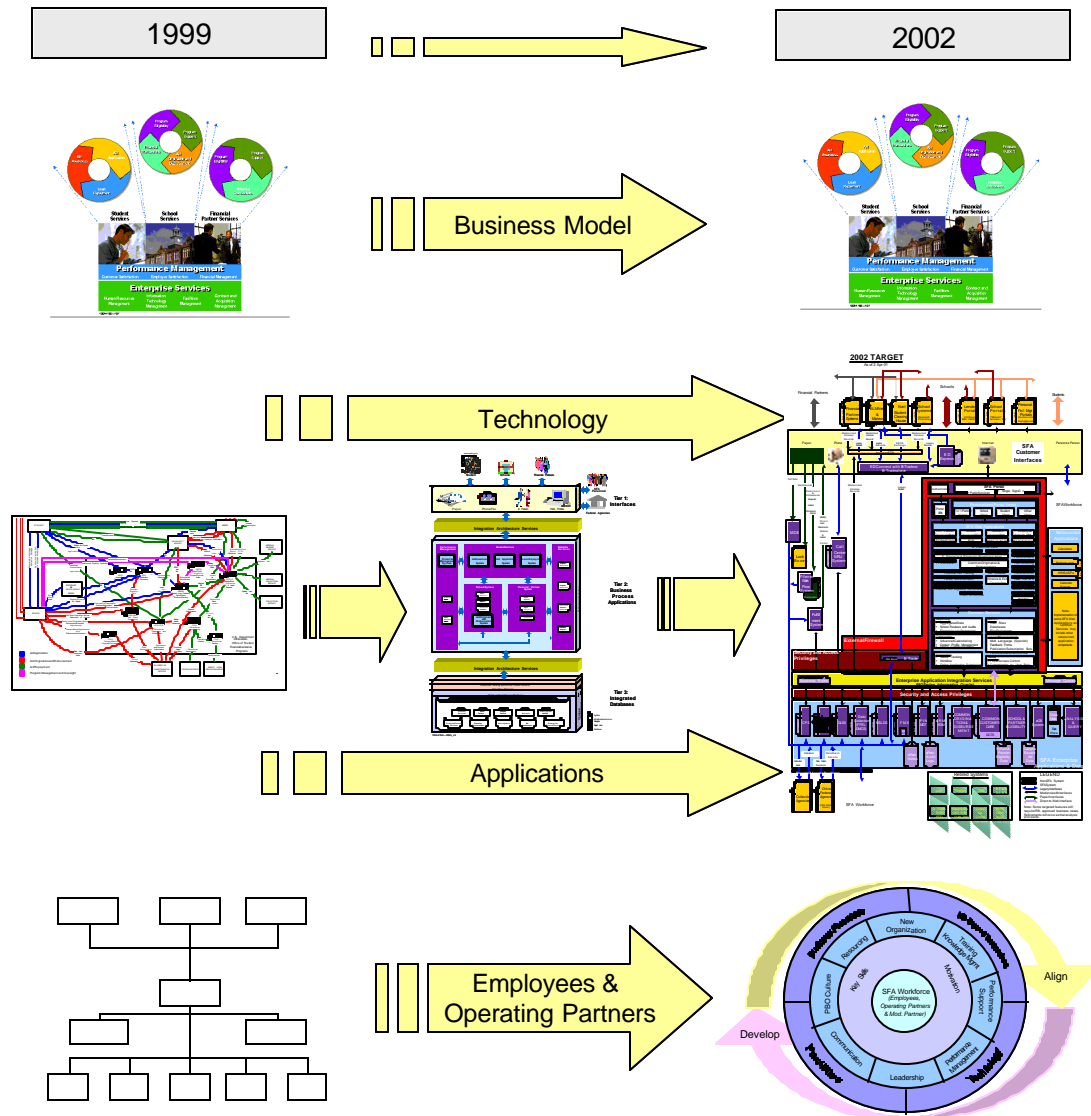
- Establish a Business Integration Team & Target State Vision maintenance process

This team would be responsible for maintaining the Target State Vision, integrating it with other modernization planning documents such as the Integrated Sequencing Plan and the Modernization Blueprint, linking the vision to more detailed work, and working to help the various modernization teams integrate their efforts. Target State Vision updates should be timed to coincide with Modernization Blueprint updates and could potentially be merged with the Blueprint.

2.0 Architectures & Priorities

The SFA architectures presented as part of the Target State Vision represent the evolution of our vision. Figure 2 below illustrates how our vision has evolved over

Evolution of SFA Vision



"We Help Put America Through School"

the course of this first year of modernization.

Figure 2: Evolution of SFA Vision

The Target State Vision provides new key diagrams that present a more modern, integrated and updated picture of what we want SFA Modernization to achieve.

Ideally, an organization such as SFA could simply lay out a single long term vision and then proceed to execute towards it unchanged over the full course of a modernization journey. This ideal view presupposes that an organization can predict its future environment and can therefore design a solution that can achieve its goals in that future environment. Unfortunately, this idealistic view is a false hope. SFA's modernization program vision needs the flexibility to respond to many changes that cannot be clearly foreseen today. These unforeseeable changes will include:

- Regulatory & Statute changes
- Political leadership changes
- Technological innovations
- Continued customer input identifying new opportunities for SFA to improve
- Competitor and peer improvements
- Learning by SFA itself as modernization progresses and we have the opportunity to work with our modernized capabilities and learn how to make them even better.

SFA's "buy a little, test a little, fix a little" modernization strategy is a key part of how we are keeping modernization flexible in this ever uncertain environment.

The Target State Vision reflects how SFA's vision has evolved in response to these forces over the past year. This document reflects SFA's current best thinking about the modernized SFA we want to create over the next two years or so. However, the future will continue to hold surprises and new lessons. SFA expects to continue refining and adapting our vision to these changes as they unfold, in concert with our regular updates to the Modernization Blueprint.

2.1 Technology and Application Architecture

Figure 3 – Target 2002 (see the foldout on the next page) presents SFA’s vision for our Technology and Application Architecture by the end of 2002. There are several key elements to this vision.

Customers Remain The Top Priority

The central focus of SFA will remain on our customers, who are placed at the top of the diagram. Students are placed at the pinnacle to reflect their centrality to all that we at SFA and our partners in the Financial Aid community undertake.

Enterprise Application Integration (EAI) Infrastructure Replaces “Hairball”

SFA’s current application architecture is characterized by a maze of unique system-to-system interfaces. Our EAI infrastructure will allow us to replace this “hairball” with an integrated and reusable data sharing strategy. Under this architecture, once an application is connected to the EAI Infrastructure, the data that the application sends to the infrastructure is available to all current and future applications that need it. Thus, a single EAI connection can replace multiple system-to-system interfaces in the current architecture. The EAI infrastructure will provide SFA with a more flexible data sharing architecture that better supports our “buy a little, test a little, fix a little” modernization strategy.

The migration from the current “hairball” of system-to-system interfaces will occur on an interface-by interface basis as systems are modernized or replaced. Some current interfaces between legacy systems (e.g., between DLSS and LCS) will still be in place by 2002, as shown by the blue lines on the chart. This will occur where SFA determines that it is more cost effective to maintain a legacy interface than to invest in its replacement prior to modernization of the legacy systems.

Consistent with Strategy to Maximize Use of COTS Solutions

SFA’s strategic intent is to adapt pre-existing COTS, GOTS or Internet solutions wherever practical for modernizing our applications. As an example, the application architecture identifies Internet Application Service Providers (ASPs) as the anticipated source for supporting SFA’s Human Resources Information Systems needs.

COTS packages always include predefined data structures. (The same can be said for legacy systems.) The EAI infrastructure provides a means for a COTS package to share the portion of its data that other systems need, and also obtain the data it needs from other systems, while maintaining use of its predefined data structures.

Insert Figure 3

2002 Target

Common Origination and Disbursement Replaces Redundant Legacy Systems

SFA plans to implement a Common Origination and Disbursement system to replace the RFMS (Pell Grants), LOS (Direct Loans) and (partially) the CBS (Campus-Based) systems. The replaced systems are retired systems box.

School Eligibility Data Will be Supported by a Single System

SFA currently maintains data about schools in four redundant systems that support different aid programs. We plan to replace these systems with a single system and then use our EAI Infrastructure to efficiently share this data with all other applications. This includes providing schools with appropriate opportunities to maintain data about themselves through SFA's web portal.

Provide a Common Customer Care Capability to All SFA Call Centers

SFA currently supports 13 call centers. These centers provide their personnel with differing types of systems support to aid their customer service mission. SFA's goals of providing more consistent and effective customer service demands that we provide our call centers with a common, integrated customer support tool. This tool will help them provide consistent, responsive customer service no matter where, how (phone, mail, electronic messaging, messaging, in-person) or who (SFA or partner employee) customers contact.

Security and Access Privileges Limit Data Availability to Authorized Parties Only

SFA shares substantial data with our partners today. Our plans for improving service and efficiency will require a modernized SFA to share more data and to share it more readily. For our plans to succeed, we must maintain the public's and our partners' trust that SFA will safeguard their confidential data. Accordingly, our application architecture prominently displays the role that SFA's security architecture will have in regulating access to confidential data safeguarded within SFA systems.

The diagram emphasizes the security safeguards we will put in place to authenticate and authorize external and internal users of SFA data.

Integrated Portal Approach

SFA plans to provide each of our customers and partners with a personalized web experience that provides unique services befitting their needs. Our goal is to provide this personalized web experience through an integrated portal approach that maximizes the reusability of web services across our customer and partner population. While customers may perceive that they are accessing a "schools"

portal or a “students” portal, in fact we anticipate that they will be accessing an integrated portal that is providing them a personalized experience.

SFA Will Continue to Accept Records from our Partner’s Legacy Systems

While SFA modernizes our systems, we recognize that many of our partners will need to modernize their systems at a different pace. SFA will continue, at least through 2002 (and probably longer), to accept data records now accepted by our legacy systems (e.g., RFMS). We plan to use our EAI Infrastructure to translate these records into the modern records that our new systems will need. Our goal is to do this in a way that is transparent to our partners.

Data Marts Provide Improved Analytical Capabilities

These technologies will provide all SFA employees and our partners with greatly improved abilities to use SFA data to understand our effectiveness in delivering financial aid to students. These technologies will include use of data mining tools for trend analysis, especially on defaulted loans. These technologies should greatly help SFA continue the downward trend in the cohort default rate.

Application Modernization will Continue After 2002

Figure 3 presents our application architecture vision for 2002. We intend to continue with further modernization in the years following. First, we hope to creating a Common Servicing System that can merge the functions of our DLSS and FFEL Debt Collection systems. Second, we hope to incorporate loan consolidation capabilities into the COD system, thereby retiring our Loan Consolidation System (LCS). Third, we hope to enhance NSLDS capabilities with customer access to our data marts and to source data through our EAI infrastructure. Figure 4 – *2004 Vision* presents a possible scenario for SFA systems in 2004. (see foldout next page)

Insert Figure 4

2004 Vision

2.2 SFA Workforce Support Framework

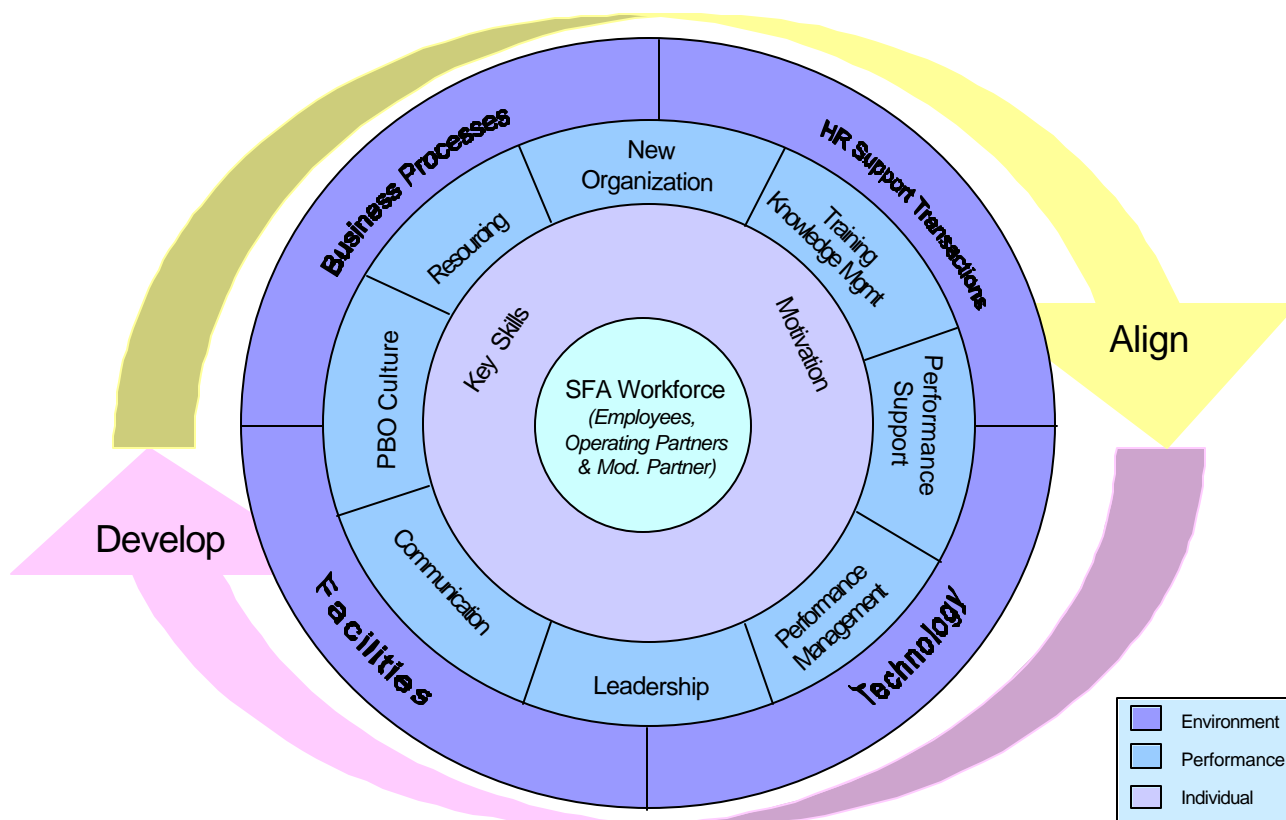


Figure 5: SFA Workforce Support Framework

SFA must create and sustain a high-performance workforce if we are to meet our performance objectives. Great process and great technology cannot serve customers unless the people providing the service are properly trained, skilled, supported and motivated.

High-performance applies not just to SFA employees, but also to personnel working for our Operating Partners and for our Modernization Partner. All of these individuals make up the SFA Workforce. The SFA Workforce Support Framework summarizes our vision for the ingredients we must combine to achieve the high-performance we need.

We plan to build a network of integrated capabilities that focus on supporting the individual and helping him or her deliver high-performance to our customers. These capabilities start with the individual, branch out to the elements that directly support individual performance and include the environment that SFA provides to our

workforce. These capabilities will help ensure that the individuals are aligned to the achievement of SFA objectives; developed with the motivation and skill required to meet those objectives; and supported with real-time tools to manage business effectively. It is through alignment, development and support of individuals that SFA will realize organization performance improvement and an increase in employee satisfaction.

Individual Layer

The individual SFA workforce member performing work sits at the center of the network of capabilities. In order to influence performance – to optimize it, maximize it, bring it into alignment with the objectives of the entire organization – we have to recognize that SFA employee performance derives from *ability* and *motivation*. That is, SFA efforts to increase the quality of individual performance must influence not only the *ability* of people (skill) but also their *motivation* (will).

SFA has created an SFA Skill Model that describes the knowledge, skills and abilities required for individual success in the performance-based organization. Using this Skill Model, SFA will design, build and support a learning and development program that provides all SFA workforce members with the opportunity to acquire the defined skills (abilities) needed to be successful at SFA. SFA will also focus on influencing the individual's motivation to perform. SFA will influence employee motivation and ultimately satisfaction through a host of programs including: rewards, recognition, performance support, and technology enablement. (These motivation programs are covered in more detail below.) Our plans for working with our partners are also described below.

Performance Layer

Aside from tapping directly into the skill and motivation of the individual, SFA will also implement a performance infrastructure to support a high-performing workforce. Building SFA's performance infrastructure capability includes:

- *New Organization* – SFA's channel/customer-focused organization structure will have the clearly defined workforce skills needed to achieve business objectives. It will ensure that jobs, roles and teams are clearly designed, defined, and aligned to organization objectives. As modernization brings the Integrated SFA process into being, we will ensure that SFA's organization remains aligned with these business process changes.
- *Training/Knowledge Support* – Through its "corporate" university, all SFA employees will be given the opportunity to build the necessary skills required to succeed at SFA. These skills include the functional skills to perform a given role at SFA, the professional skills required of all employees to achieve SFA's Service

Standards, as well as the managerial skills required to lead and direct the performance-based organization. SFA will be an organization focused on continuous learning and development, with a commitment to acquire new skills, and fine tune existing skills through multiple learning media.

- *Performance Support* – All SFA workforce members will be provided with the day-to-day tools (including laptops, remote network access, travel services, technical support, etc.) and access to relevant knowledge (e.g., how-to guides) that helps them accomplish tasks. These tools include the appropriate hardware and software needed to conduct routine business transactions and gain real-time access to the SFA knowledge capital needed to provided timely, accurate and efficient customer service.
- *Performance Management* – SFA's Performance Management program will be focused on altering, encouraging, and directing performance to achieve SFA's performance objectives, Service Standards and skill model. SFA's Performance Management capability will enable employees to invest in and manage their own careers including employee and team appraisals, customer feedback, recognition, compensation, and promotion/advancement. Performance management may include introduction of retention and/or recruitment bonuses for SFA personnel.
- *Leadership* – All executives in SFA, including those of our partners, will exhibit a leadership capability that involves people interacting on an individual basis, and acting as coach and mentor as well as supervisor. Leaders in SFA are accountable for achieving performance based objectives, modeling SFA Service Standards and demonstrating to subordinates that individual contribution to the work of the team is valued. Leadership at SFA will involve helping each individual and team to achieve its full potential to exceed customer expectations and appropriately recognize those achievements.
- *Communication* – SFA will create a communicative culture of information-sharing and knowledge transfer. Through the use of multimedia including web portals and SFAnet, individuals will be armed with information that provides a sense of direction and of connection to the organization, other employees and customers. Informed individuals with real-time access to information will provide exceptional customer service in a truly teaming environment. Communication includes the responsibility of leaders to communicate to help build a shared view of SFA's present status and long term direction.
- *PBO Culture* – Sustained high levels of performance depend on SFA employees and partners supported by a culture that is cohesive, that defines SFA's explicit values and encourages work in accordance with those values. We call these values our SFA Service Standards and they are as follows:

- Deliver Great Products and Services
- Be Worthy of Trust
- Be Courteous
- Be Efficient

These Service Standards guide the work and behavior at all levels of the SFA workforce. A culture grounded in SFA's Service Standards is created and sustained by building the network of capabilities described here, including: leadership, training/learning/knowledge support, organization structure (role and job design), communication, performance management, process design and enabling technology.

- *Resourcing* – SFA will ensure that people with the appropriate skills are deployed where needed across the organization. SFA will build a streamlined, e-enabled recruiting program that brings new talent to the organization, and consistently reviews existing deployment to ensure appropriate job match and career development.

Environment Layer

The Environment layer of the SFA Workforce Support Framework focuses on the workforce environment that SFA provides to our people. We must provide robust HR Support Transactions to ensure our people are paid, that their benefits are in place, etc. We must provide our people with the technical tools, (PCs, networks, robust applications, internet access, etc.) needed for them to accomplish their tasks. We must provide our personnel with high-quality, productive facilities that match and support our expectations for their performance. We must provide business processes that align with the skills, motivations, tools, etc. of the personnel asked to execute the business process. Finally, SFA will ensure that all of these Workforce Support Framework elements operate in a seamless, integrated fashion where each element reinforces and supports the other.

Partner Relations

Applying the SFA Workforce Support Framework to our partner's employees will present some unique challenges. There are two groups of partners, those within the SFA Workforce and those in the student financial aid community.

Partnering to Improve SFA Efficiency and Effectiveness

SFA's goal is to bring the "best-in-business" to the task of helping SFA achieve our strategic performance objectives. In order to speed our transformation and efficiently use our scarce resources, we plan to search aggressively for existing "best-in-business" solutions that SFA can reuse and adapt to our needs. We expect that

the current flowering of internet-based solutions will provide fertile sources for solutions that SFA can adopt to modernize our operations. Our Modernization Partner will play a key role in this process.

Partnering to improve SFA's operations requires that SFA have a strong acquisition strategy for procuring "best-in-business" solutions and transitioning our existing contracts. Once the transition is complete, our vision is that all of our contracts with our partners will achieve the following goals:

- Contracts will be performance-based and include incentives to help SFA achieve more successful outcomes towards one or more of SFA's strategic objectives.
- Contracts with SFA partners will be managed by a new SFA Office of Acquisitions and Contract Performance.
- SFA will work with our Modernization Partner to achieve an integrated contracting approach to our modernization efforts.

Partnering with the Student Financial Aid Community

Our vision is that a modernized SFA will emphasize partnering with others in the student financial aid community in open and collaborative ways that further our shared mission of helping put America through school.

This partnership includes seeking opportunities to leverage the efforts of our partners. We see the future role of SFA as one member of an alliance of partners aimed at delivering capabilities to students. Our plans to provide means for partners to incorporate SFA data into their web portals is one example where SFA can benefit from the student information access investments our partners are making to deliver for students.

Our vision of partnering for success with the student financial aid community will be supported by changes in the modernized SFA. These changes include:

- Ombudsman Office

The Ombudsman's office aims to improve communications with our customers. The Ombudsman informally resolves complaints from student borrowers, mediating disputes and collecting information to improve services and prevent future problems. The office provides a critical backup to help SFA satisfy our customers even when our primary business processes encounter difficulties.

- Strengthening SFA Partner Incentives to Serve Students

SFA intends to adjust our relationships with our partners in ways that reward those partners who are measurably doing an outstanding job of serving students

and helping put America through school. Our goal is to adapt the performance-based philosophy of SFA to our work with the broader financial aid community we support.

- **Simplifying Compliance with SFA Rules**

The easiest way for SFA to make it easier for our customers to comply with SFA regulations and related statutes is to make the rules simpler and easier to comply with. SFA plans to continue to review our rules and, where statute allows, consolidate and simplify the rules. We plan to work with our customers collaboratively to develop the best ways we can improve. We will seek customer input and support in this effort, particularly in efforts to help Congress understand how statutes could be improved to make the taxpayer's investment in SFA more productive.

2.3 Modernization Priorities

One of the greatest values of the Target State Vision is its ability to help SFA identify our top modernization priorities. We call these priorities our PBO Victory Initiatives.



PBO “Victory” Initiatives for FY01



- Turbo FAFSA
- Common Origination & Disbursement
- Financial Management System with E-Business Center
- NSLDS Mad Dog Changes
- Schools Portal with Single Logon
- E-Sign & P-Note
- Consistent Answers for Customers (Contact Centers, CRM, Customer Data)
- Human Resources Support Systems
- Product Support Analysis (FAFSA, DL Participation, DL e-Servicing)

The below presents our PBO Victory Initiatives for FY01.

Figure 6: Top Modernization Priorities for FY01 and part of FY02

3.0 Customer & Employee Vignettes

SFA measures its effectiveness by satisfied customers, satisfied employees and reduced unit costs. These satisfaction measures will reflect whether individuals enjoy their day-to-day experiences with SFA. To improve these measures, SFA must focus on improving how individual customers and employees interact with SFA each and every day. Customer and employee satisfaction should improve when we improve these experiences. Hence, the Target State Vision focuses on making the individual experiences outlined in prior visions a reality.

For any future customer experience we imagine, there are always “backstage” elements needed to make the experience happen. For example, offering students the ability to view their accounts online requires backstage elements such as web servers, networks, account management software, security technologies and procedures, student awareness efforts, help desk support, etc.

This section provides SFA’s vision for the services we will offer to customers and the backstage implications of these services for SFA’s business processes, workforce, partners and technologies. The Target State Vision employs two devices for describing future customer experiences: *Imagine This* Vignettes and Envisioned Portal Services.

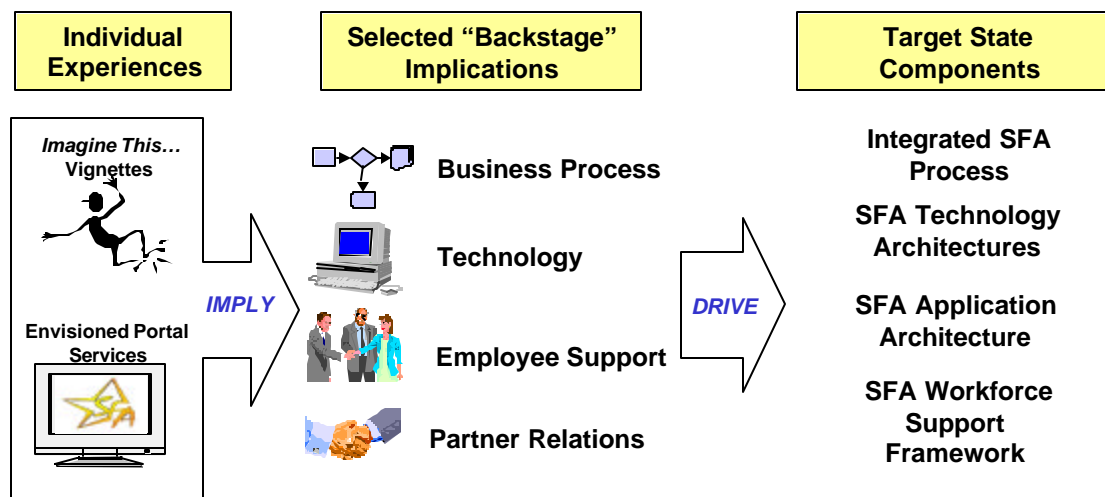


Figure 7: Desired Individual Experiences and their Backstage Implications will Drive SFA's Target State Architectures.

Imagine This Vignettes are short “day in the life” stories that describe how individuals will work with future SFA capabilities. Each vignette describes how *select* SFA capabilities will work together to enrich the individual experience. Most of these vignettes were first presented in SFA’s September 1999 Modernization Blueprint.

What is new since that blueprint is the identification of selected backstage implications needed to make these vignettes a reality.

Envisioned Portal Services provide “*menus*” of services that a modernized SFA can provide to students, schools, financial partners and SFA personnel. Inclusion of these Envisioned Portal Services in the Target State Vision allows us to provides a more *complete* view of future SFA services than is practical with the *Imagine This* vignettes.

The emphasis on web portals here does not short change the quality of services SFA expects to provide through other channels. These same web services will be available to SFA personnel responsible for our call centers, meeting with our customers, and processing paper applications and correspondence.

Some of the customer capabilities envisioned here, and their backstage implications, will require greater SFA improvements than SFA can achieve in the next two years. They are part of the long term vision that lies beyond this Target State Vision. Despite their longer-term nature, they are an important part of this Target State Vision. These longer-term implications help keep SFA properly aimed at the long term vision while we work to implement the Target State Vision.

3.1 ***Imagine This* Vignettes**

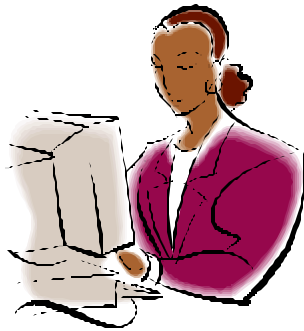
The following pages present 6 vignettes:

- Students: Clicking Into College
 Information At Your Fingertips
 Helping Students Understand Their Obligations
- Schools: Empowered to Assist Students
- Financial Partners: Paperless Partnership
- Employees: The New Way

Selected backstage implications are presented with each vignette. The backstage implications were chosen to emphasize the less obvious or more far-reaching implications of the vignette. They were also chosen to balance the business process, technology, employee and partner implications of a vignette. Thus, the backstage implications do not attempt to be comprehensive.

The vignettes are organized by customer (or employee), not by SFA organizational unit. Each vignette’s backstage implications will typically affect multiple SFA units beyond the channel directly responsible for that customer.

Clicking Into College



Julie is a high school senior who was recently accepted to Very Big University (VBU). Though excited, she knows that she cannot afford to attend VBU without some financial assistance. VBU has offered Julie a small amount of money in scholarship and work, but not enough to put her through 4 years of school. Having no previous debt management experience, Julie decides to visit VBU's financial aid office where she meets with a financial aid administrator. He pulls up the SFA homepage and shows her how to use SFA's links to online financial planning tools. Amazed at how easy this is, Julie returns home to run different financing options with her parents. After deciding on the option that best suits her, Julie completes and "signs" her FAFSA online. Upon receipt of the FAFSA information, Julie's school posts her financial aid package on her private Web site and e-mails her that it's time to choose a lender. Julie visits the Web sites of several lenders "recommended by the school," clicks on her promissory note and "signs" it electronically. As this a routine transaction, the bank processes and approves the application and promptly send electronic confirmation. An elated Julie informs that she will be attending in the fall and has for the bank to transfer funds into her newly account when she arrives at school. She is going to fulfill a lifelong dream of being the first in her family to attend college.

Selected Backstage Implications

- Make college affordability analysis tools available to high school students, parents and guidance counselors.

- Policies and processes to monitor performance of linked sites
- SFA Branding to increase value of SFA link and thereby attract partners
- Technical and security standards for sharing SFA data (e.g., FAFSA application) with linked sites.
- Ability to save financing-option results on SFA's secure server

- Ease-of-use: simple steps and plain-English (and Spanish) instructions
- Non-web-based financial aid planning tools

- Improved FAFSA on the Web usability, including improved real-time validation of data entries
- Best-in-business security protocols, encryption and privacy assurances
- Real-time error alerts and corrections and elimination of duplications in SFA data system
- Tracking of receipt and application status linked to student's ID and PIN
- Common school ID to allow Students to accurately authorize release of application data to schools.

- Defined and tested processes for sharing of info among SFA, schools, and financial partners
 - Establishing a common record layout for financial aid
 - Establishing a universal student ID for linking SFA and partner data records
 - Elimination of duplicates in SFA data systems
 - Streamlined approval requirements for disbursement of funds
 - Rapid automatic checking of FAFSA application against IRS data

- Electronic signature standards and capabilities
- Revised business processes to support electronic origination and disbursement
- Shared access to loan application data to the extent authorized by the student.

- Electronic funds transfer and tracking capabilities for Direct Loans

Information At Your Fingertips



Selected Backstage Implications

Julie just finished her finals as a freshman and needs to start thinking about financial aid options for the coming year. She logs onto her account on the web. The site is "smart" about Julie's future aid choices. Based on her grades and eligibility for work, Julie has additional non-loan aid options available to her. The site links Julie to scholarship and grant applications specifically geared to her profile. She then clicks to her consolidated student account to review the current status of her aid—making sure the payments for next quarter have been received, processed. When she is finished logging off, all her new information is available for her school to see as well. With that done, Julie can focus on other important stuff—should she take Anatomy at 9:30 a.m. on Fridays or Advanced Biology Thursdays at 2:00 p.m.?

- Single student account for all aid
- Interactive, web-based, platform-independent account management applications
- Links to other portals (VBU portal, 3rd party sites, etc.) enables student to integrate SFA financial data with other financial data of student's choice

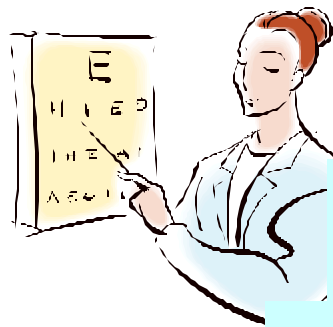
- System-generated customized financing options based on student profile and current programs described in SFA systems
- Up-to-date account information drawing from student updates, school program data and SFA program data (re-engineered NSLDS)

- Data base of web site links for each financial and school partner.
- Policies and procedures for sharing SFA data
- Realtime data exchange between SFA account and linked partner sites
 - Support single sign-on across community
 - Avoid re-entry of student profile information after linking
- Policies and processes for approving and implementing student account links

- Data-sharing standards and processes that support integrated management of all financial aid available to the student (COD, re-engineered NSLDS, Direct Loan applications)

- Common Origination and Disbursement will enable shared community access to accurate timely data without duplicates
- Immediate update of all shared information in central data system
- System-generated notification to financial aid officer

Helping Students Understand Their Obligations



Julie has just started her first job out of VBU. She wants to fully understand her financial aid obligation from school. She starts by accessing her online student account, which contains repayment data on her SFA direct loans and links her to a number of lenders who hold her FFEL loans. With this information, Julie is guided to a Debt Management Counseling tool to build a picture of her entire credit profile—from Federal student aid to other debt. Julie enters into the tool. Now Julie has a complete picture of her estimated monthly student aid payment as well as her total debt load. Julie's student account also recognizes that she will be entering repayment and explains a menu of options. Julie may select a direct payment option, which allows her to authorize an automatic deduction from her checking account each month to repay the loan, or a customer-initiated payment option, which allows Julie to initiate loan payments from her checking account at her discretion through her home banking/electronic bill payment service. Since her payments will be electronic, Julie may elect to have her loan statement sent to her electronically, thereby eliminating the need for paper mail. After making decisions regarding her payments, Julie logs off the site with a much clearer picture of her investment in herself.

Selected Backstage Implications

- Re-engineered NSLDS allows access to the best sources for real-time updates of aid status
- Consolidated, synchronized financial data from SFA and financial partners
- Links to approved third party financial management sites for debt counseling
 - Includes links to third party credit counseling services
- Training for SFA workforce to provide one-on-one counseling
- SFA policies and procedures regarding proactive debt management counseling of student loanholders.
- Privacy policies to assure student that non-student loan financial data entered on SFA or approved third party sites will not be shared without permission.
- System-generated repayment options based on student profile, including information about non-student debt load.
- Established procedures and agreement between SFA and lenders on available repayment options
- Creation of FAQs for students and for customer service personnel
- Electronic presentment of loan bills and statements to web-based electronic bill payment services
- Auto-generated statements routed to secure communications area in consolidated student account or to borrower's designated email address

Empowered to Assist Students



Selected Backstage Implications

Angela arrives at work in the Financial Aid Office Mountain Town Community College in Montana. Opening her SFA web portal, she sees two new messages. One is a reply to her message about database crash that has caused a delay in FISA reporting. The reply explains how SFA will help accommodate this delay and will grant an extension to the deadline. The other message is a reminder that Friday is the last day to submit student records for Pell Grant payments. She will batch-submit the electronically on Thursday. Turnaround time on the electronic applications is speedy, so Angela will soon know that her students will get their funds.

Her customized "News and Announcements" day contains news of a new federal loan program for students who support families while attending college. Angela reads the program description and gets the training material for her and the rest of the staff.

John, a 2nd-year student who may need to leave college because his father has lost his job, stops by. Angela accesses John's personal aid profile and sees that John is eligible for an additional direct loan. Angela submits a record online for him and receives real-time approval, enabling her to use school resources to quickly transfer funds into his account.

After lunch, Angela phones the SFA regional office representative with whom she will be co-presenting to discuss an outreach session for high-school students in an electronically underserved area near Mountain Town. She is glad to be making a difference helping local students get the higher education they deserve.

- SFA portal with personalized services and information tailored to needs of School financial aid
- Web portal training for partners, incentives and rewards for habitual use of portal
- Secure, threaded online message environment on SFA portal for confidential information inappropriate for internet e-mail.

- Effective CRM people, process and technology aimed at consistent response to customer e-mail and other messages
- Workforce performance measures, processes, training and leadership that reward outcomes, allow process flexibility, and empower employees to make their own decisions.

- System-generated alerts based on school profiles, school portfolios and user options
- Calendar coordinated with NASFAA calendar

- Agreement on common record formats enhance communication & speed processing
- School access to SFA student data speeds applications with reduced reconciliation errors

- Trained SFA personnel responsible for keeping the SFA news fresh & relevant

- Portal will become a central part of standard SFA rollout of new policies & programs.
- Computer-based training becomes part of SFA outreach efforts
- Development of always-available library of user-friendly materials in PDF format

- Single SFA Point of Contact for each school
- Execute High-school outreach programs in partnership with schools & financial partners

Paperless Partnership



Selected Backstage Implications

Phillip works for a national bank, as part of responsible for the bank's educational loan of the first things Phillip does every morning the SFA portal. The personalized calendar reminds him that his bank is up for review in 4 weeks. Using the risk assessment module available, Phillip evaluates how the bank is performing. The risk reduction strategies his tea has implemented, on the advice of the SFA risk management folks, are clearly paying off. Phillip exits th assessment module, confident that the upcoming review will be positive.

Next up, the quarterly report to SFA. The report pretty much generates itself. The bank's internal system exports the required data into the SFA template, and the complete report is ready within minutes. Phillip reviews the final report online, approves it, and sends it over to SFA.

Jill, his contact at the Midwestern Guaranty Agency, calls. Jill oversees the repayment cycle for the FFEL loans Phillip's bank provides. Jill obtains information about the bank's FFEL loan portfolio from SFA's Portal that allows MGA to conduct its lender reviews. The information is thorough, accurate, easily assessable, and available through various delivery channels (e.g., paper, internet, etc.). Jill is able to reduce the time and effort to reconcile the information and ultimately able to conduct more complete and timely lender reviews. Phillip's bank is pleased that the reviews provide good financial data about loan portfolio delinquencies in less time. The bank is now able to do a better job at managing its portfolio and control the number of delinquent loans. With the modernized SFA, our partners can focus more on their work rather than their paperwork.

- Personalized calendar populated with data and schedules from SFA FP data mart.

- Secure web portal providing single point of contact between SFA and financial partner, single location for accessing financial aid data

- Modify and implement COTS risk-modeling solution for improved monitoring of financial partners
- Reengineer relationship with financial partner to treat partner as PBO
- Devise outcome-based measurements for success while streamlining reporting requirements and reducing bureaucratic burdens on partners
- Provide training for GA and lender personnel in use of self-analysis tools
- Design intuitive user interface for online self-analysis and reporting tools
- Track partner performance according to established criteria and allow partners full access to their current performance data

- SFA works with bank software providers to include SFA e-reporting in their products
- Development of common data standards and templates
- Data mart to support information and reporting needs for key business functions

- CRM umbrella provides consistent customer and partner service regardless of communication channel.
- SFA-provided communication channels among financial partners enable GA partners and lenders to work together more closely in providing customer service, reducing costs, and increasing customer satisfaction

The New Way



Walter's job at SFA is to help the schools understand and comply with SFA's regulations and to negotiate performance goals with them. He works out of his home—his kids love that—and spends lots of time visiting his client schools, maintaining a positive relationship with them. He is equipped with information technology that actually keeps him in better contact with all his clients, his manager, and his teammates than when he worked nearly full-time in an office; he has more access to better information. Administrative work is nearly hassle-free for Walter. For example, an automated travel system lets him make airline and hotel reservations, and reimburse him for other expenses directly into his bank account. Time and attendance sheets are a thing of the past. Walter reports only when he takes leave.

When it is time for performance evaluation, Walter's client schools rate him and his team according to the value of the service they provide. Walter's teammates score him on carrying his share of the load. The team is also scored on their schools' performance in terms of graduation, job placement, and default rates. Walter scores his manager, Martha, giving her a positive rating this time because she made the team work better, provided modems for the team and gave them the authority to address school issues. Martha has a good performance record.

In the congressionally created Performance-Based Organization (PBO), performance

Selected Backstage Implications

- Clear job descriptions aligned with SFA objectives
- Training in SFA regulations and offering

- Technology for a work-at-home or work-remotely workforce (laptops, dialup access, help desk support)
- Training and support aids in use of mobile technology tools
- Modernized systems that deliver SFA data and transactions electronically
- Web portal to provide organized, unified access to SFA capabilities.

- SFA- approved automated travel systems accessed over the Internet that enforce SFA travel policies and discounts.
- Electronic funds transfer capabilities for expense reimbursements

- Business process and policy changes to process payroll and leave transactions on an exception basis only.
- Revised systems that support new policies and business processes.

- Customer survey processes and questionnaires and associated automated support integrated into Performance Measurement
- Employee performance measures aligned with job roles and customer survey measures
- Organization structure that clearly groups employees into teams and aligns them with the customers they are accountable for serving.

- Employee peer rating policies & procedures aligned with job roles.
- Automated support that assembles peer ratings while maintaining confidentiality.

- Customer performance measuring system, including associated policies and processes.
- Links between employee teams and performance of schools they support

- Confidential upward feedback policies, procedures & systems

- Performance-based rewards and recognition systems aligned with each job role.

3.2 Envisioned Portal Services

The Target State Vision presents 4 views of envisioned SFA Portal Services:

- Portal Services for Students – Financial Management for College and Beyond
- Portal Services for Schools – The Financial Aid Professional’s Desktop
- Portal Services for Financial Partners – Electronic Empowerment
- Portal Services for Employees – Electronic Empowerment

SFA’s Integrated Portal Strategy plans to deliver these channel-based portal services using an integrated approach. This integrated strategy includes providing common services of use to multiple communities (e.g., personalized calendars). Where applicable, we have noted these SFA Portal Common Services for each view.







Backstage Implications for Portal Services are grouped into a single chart. This chart appears after the four Envisioned Portal Services charts. The focus here is to identify important or insightful backstage implications that have not already been described above for the *Imagine This* vignettes. Hence, there will be important capabilities needed to deliver the portal services that are not highlighted here as a backstage implication.

Portal Services For Students: Financial Management for College and Beyond

New Aid Applicant and Family	Counseling: Help assessing options and deciding what's right for you <ul style="list-style-type: none"> • Bank/Lender options • Scholarship info • School options 		Calculators & Tools <ul style="list-style-type: none"> • Real-time estimated family contribution • Interest rates and schedules • Integrated with personal financial software tools
	Secure online transactions <ul style="list-style-type: none"> • electronic application and approval • paperless promissory note • notify chosen school and transfer funds 		
Current Aid Recipient	Account Management <ul style="list-style-type: none"> • View current funds • See disbursement history • Keep track of actions required 		Obligation Tracker <ul style="list-style-type: none"> • Rules student must observe to keep aid • Impact of status changes on debt burden, obligations
	Career Center <ul style="list-style-type: none"> • How choices about career and course of study affect debt burden 		Personalized Info Based on Student Needs <ul style="list-style-type: none"> • News and Program Changes • Aid options
Graduate in Or Near Repayment	Account Management <ul style="list-style-type: none"> • Consolidated borrower profile with lender links • E-commerce tools for e-payment of debt • Electronic statements 		Debt Management Tool <ul style="list-style-type: none"> • repayment options • consolidation • forbearance or deferral
	Default Assistance & Counseling		
Common Functions For Students at Several Stages	Personal Information Management: Update my address, enrollment status, employment info, etc.	Message Center: <ul style="list-style-type: none"> • Reminders, announcements • Ask questions, get answers 	Interactive Support: <ul style="list-style-type: none"> • FAQs and SFA info library • Feedback form • 24-hour call center # • Support for Spanish
	Financial Planning Tools: Help in making sound financial decisions	Financial Aid Application Wizard: <ul style="list-style-type: none"> • single step-by-step online application for federal financial aid. 	Online tools enabling student to manage his aid account and track the status of his aid package.

★ SFA Portal Common Services

Portal Services for Schools: The Financial Aid Professional's Desktop

Sharing Data				
Online submission of aid applications, reports, student data, etc.	Complete, searchable information on programs, legislation, non-federal aid sources, Institutional Student Information Record (ISIR), etc.	Information on prospective students' aid awards, released by SFA to schools at students' request	SFA-facilitated communication with other schools for sharing ideas, collaborating on outreach, etc.	
E-Commerce Service: Funds Administration Center				
Track status of all incoming financial aid funding requests	Disburse funds into student accounts individually or by program	Issue authorizations and approvals for transactions	School Data Mgt: Update address, contacts and other self-descriptive data	Exchange and consolidate financial data between SFA and school's systems based on school business process needs
Self-Monitoring and Partner Support				
Guidelines for meeting Title IV eligibility criteria and tools for self-rating on past performance	Message center for threaded, secure communication with SFA 	Personalized online calendar pre-populated with important deadlines 	Real-time online and telephone assistance: single, "one call does it all" point of contact with SFA 	Rate Your SFA: Provide feedback on SFA professionals, services & tools 
Training, Education, and Outreach				
Collaborate with SFA on development and deployment of outreach campaigns and programs	Always-current online FAQs, computer-based training (CBT), and downloadable training material	Library of downloadable aid-awareness information and instructions for distribution to students 	Personalized News: Regulatory and legislative; deadlines; program-specific announcements; new tools and initiatives 	

★ SFA Portal Common Services

Portal Services for Financial Partners: Electronic Empowerment

Information Sharing				
Access to aggregate data on students and Schools	Complete, searchable information on programs, legislation, etc.	SFA-facilitated, secure communication between Guaranty Agencies and Lenders	Ability to message schools and students, through SFA, about financial products, services, and options	
Web-Based Transaction Center				
Transfer funds to and from SFA, schools, borrowers. E-servicing of loans	Track status of all pending and completed transactions	Issue authorizations and approvals	Partner Data Mgt: Update address, contacts and other self-descriptive data	Upload and download reports: SFA's systems seamlessly interact with FP's own systems
Self-Monitoring				
Access to performance benchmarks and criteria for comparative self-rating	Routine electronic submission of required performance data to SFA	Self-evaluation risk tools and support for their use	Access to schedules for performance reviews through personalized online calendar	★
Partner Support				
Message center for threaded, secure communication with SFA ★	Always-current online FAQs, downloadable training materials	Personalized News: regulatory and legislative, deadlines, program-specific new tools and initiatives ★	Real-time online and telephone assistance: single, "one call does it all" point of contact with SFA ★	Rate Your SFA: Provide feedback on SFA professionals, services & tools ★

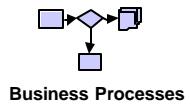
★ SFA Portal Common Services

Portal Services for Employees: Electronic Empowerment

Information Sharing				
SFA Document Search <ul style="list-style-type: none"> Keyword Subject Author 	SFA Subject Expert Index lists contacts and their area of expertise	Ability to post questions and view all responses to SFA related queries	Collaborative Work Area <ul style="list-style-type: none"> Project Calendar Project Status Project Documents Project Contacts 	Financial Aid Data <ul style="list-style-type: none"> Student Accounts School Data Lender and GA Data Program and Operating Funds status
Employee Self-Service				
Automated Travel System: Ability to make, view and modify airline, car rental and hotel reservations	Ability to complete and submit exception based time reports and submit expense reports Employee Data Mgt: Update address & other self-descriptive data	Payroll and Benefits information & transactions <ul style="list-style-type: none"> Thrift Savings Plan Open Season (Health and Life insurance) Personal Information (address changes) 	Forms Library: Ability to access and complete forms <ul style="list-style-type: none"> Leave form Transit forms Expense forms Training forms 	SFA News <ul style="list-style-type: none"> Move Center Position Openings HR & Benefits Big ED news Training News Policies External Links Etc.
Career Development				
Performance Development Tools <ul style="list-style-type: none"> Perform.com 360° feedback 	Ability to view and apply for open positions within SFA	Ability to view HR policies, position descriptions and the career development model.	'Ask HR' - ability to post questions and view response to career development related queries	SFA University Training <ul style="list-style-type: none"> Training courses Training schedule Course sign-up Ability to download computer based training

★ SFA Portal Common Services

Portal Services Selected Backstage Implications



- Policies governing approval and procedures for third party sites who can link to SFA data
- Processes to manage granting of SFA electronic IDs (PINs, certificates, etc.)
- Processes for developing and maintaining "SFA news" on portal
- Development and maintenance of portal content (e.g., debt counseling)
- Common origination & disbursement of funds procedures
- Electronic messaging (e-mail, threaded discussions, etc.) customer relationship mgt
- Development or selection of calculators & tools
- Paperless promissory note business processes
- Single school identifier for secure, private data access
- Portal content management (development, maintenance, integration, retirement)
- Common record agreements with financial aid community



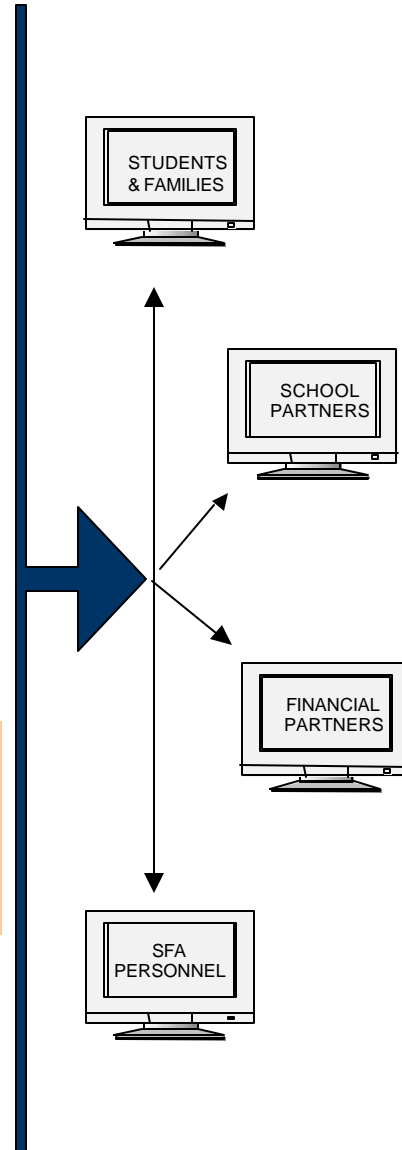
- EAI infrastructure to enable realtime data sharing with external partners
- Best-in-business firewalls, security protocols & security procedures
- Data access protocols that limit data access to permitted users only
- Single sign-on to SFA systems through portal
- Robust infrastructure & procedures supporting "always on" uptime for portal
- Robust backup and disaster recovery capabilities
- Web infrastructure (search engines, downloads, chat rooms, messaging, objects & widgets, etc.)
- Web-access to legacy data
- Linkages to other web services (e.g., calculators, news)
- Customization and testing of new applications
- Configuration management of SFA applications and infrastructure
- Document imaging infrastructure, indexing & procedures



- Training to support new jobs such as portal content management, primary school contact, high school aid awareness promoter, CRM
- New organizations and job definitions to support new or re-engineered business functions
- Web-based performance management process, including participation by partners in rating SFA workforce performance
- Training in new technologies and tools, especially CRM & messaging tools
- Portal news and content management aimed at the SFA workforce.



- Access to SFA tools
- Participation in SFA performance measuring systems, especially portion that includes customer participation.
- Participation in SFA training courses & materials as appropriate
- Incorporation of PBO-based performance measures in partner contracts
- Outreach to school & financial partner software providers to enhance their products to take advantage of new SFA services and data availability



4.0 Planning

The Target State Vision is intended to provide guidance and direction to SFA's Modernization Planning Activities.

SFA produces a number of documents to describe and communicate our modernization plans. These documents include the 5 Year Performance Plan, the Annual Performance Plan, the Modernization Blueprint, and the Integrated Sequencing Plan. All of these documents should align with the visions and priorities presented in this Target State Vision.

Figure 8 on the following page illustrates how the Target State Vision fits into SFA's overall modernization planning.

The yellow shapes across the middle of the page illustrate how SFA's vision has evolved as modernization has progressed. It shows how the Target State Vision is always a step on the way to our long term vision.

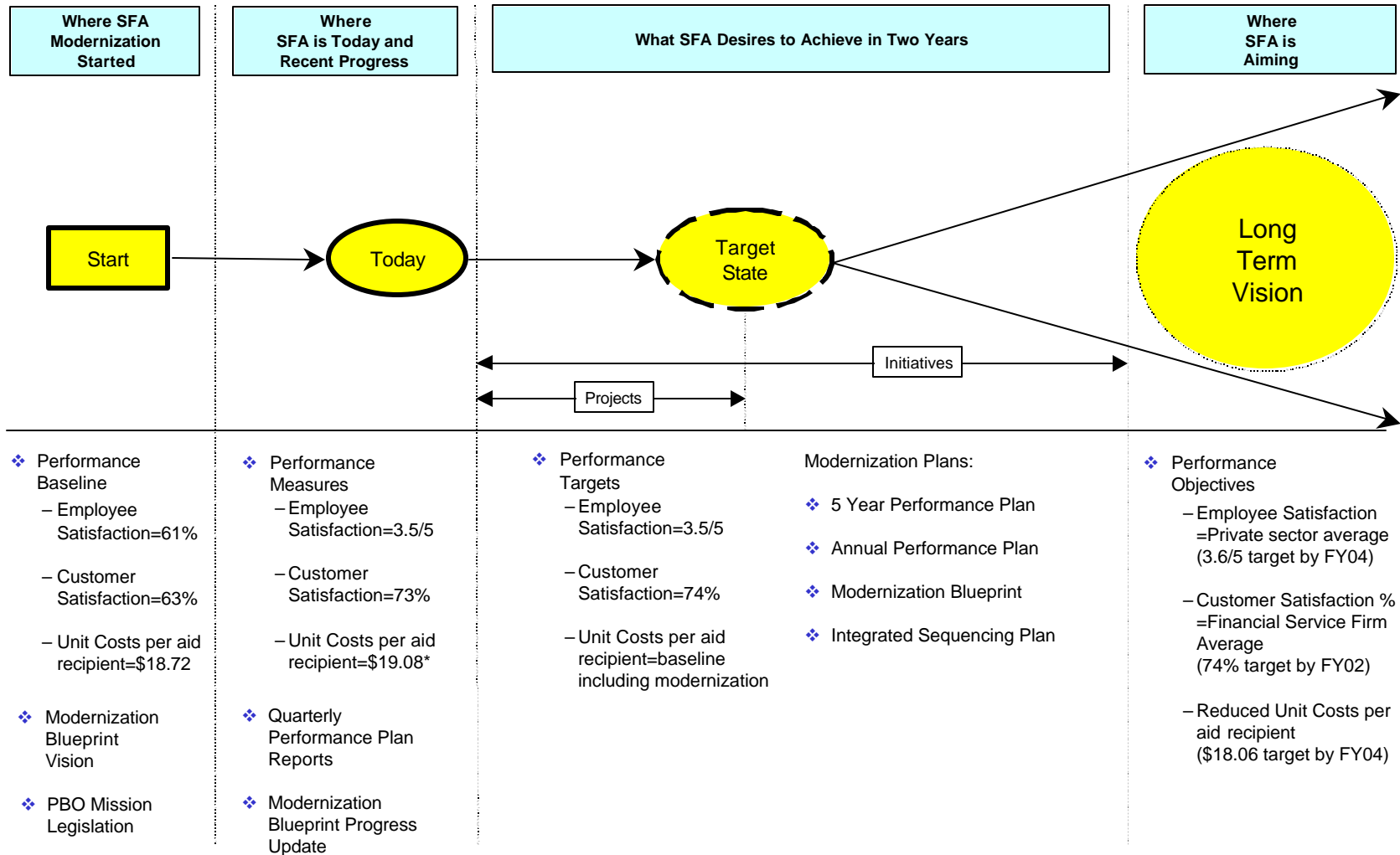
Where SFA Modernization Started

SFA had a clear vision for the future when we started our modernization program. It was based in part on the Congressional direction embodied in the PBO Mission Legislation. We documented and shared this vision in the September 1999 Modernization Blueprint. The Target State Vision builds upon that September 1999 vision, reusing many key components. That initial blueprint also established a performance baseline for customer satisfaction, employee satisfaction and unit costs per aid recipient. As a performance-based organization, our ultimate success is measured by our ability to improve on this performance baseline.

Where SFA is Today and Recent Progress

At any point in Modernization, our evolving Target State Vision will always be in front of us and our performance baseline or starting point will always be behind us. Part of Modernization planning includes measuring and reporting on our progress. These functions are fulfilled by our Quarterly Performance Plan Reports and by the Progress Updates included in Modernization Blueprint updates.

SFA Modernization Planning Documents Overview



* \$17.20 excluding Modernization costs

Figure 8: Target State Vision Guides Modernization Planning

What SFA Desires to Achieve in Two Years

The Target State Vision describes our goals for the SFA we want to create over the next two years or so. Its greatest impact is in guiding our detailed plans and investment choices towards achieving its vision.

We plan to align SFA's Annual Performance Plan, especially the list of included improvement projects, with this vision and its priorities. We also plan to align the Integrated Sequencing Plan so that one can easily tell which vision priorities and components each funded project addresses.

Target State Vision is Not A "Requirements" Document

The Target State Vision is a direction setting document, not a requirements list. The vision describes *desired* requirements rather than *firm* requirements. We need to verify that our desired requirements are also cost-effective, affordable and practical. Ensuring that this due diligence review occurs is the responsibility of SFA's Investment Review Board.

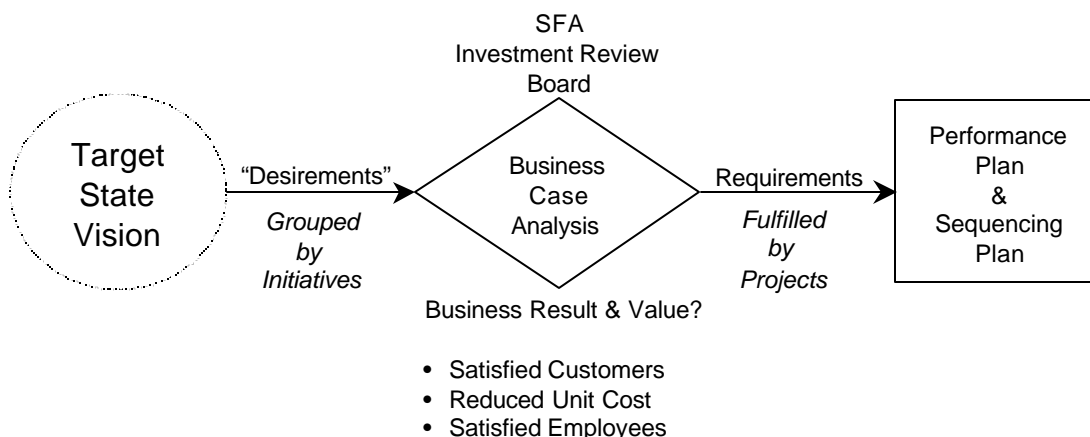


Figure 9: SFA Investment Review Board Uses Target State Vision to Help Guide Investment Decisions

Figure 9 distinguishes between "Initiatives" and "Projects." Projects represent funded work with documented business cases aimed at creating specific, well-defined outcomes by a specific target date. Each project is part of an initiative. Initiatives serve to group the major areas of activity SFA must undertake to achieve the vision. Typically, initiatives will have longer timeframes than an initiative's current projects since future projects associated with the initiative are still to be defined in detail.

Where SFA is Aiming

The Target State Vision does not reflect every idea we have for improving SFA. It reflects the major priorities that we want to achieve in the next two years. Once we stand on that foundation, SFA will be prepared to launch new initiatives that can achieve greater improvements. SFA developed the Target State Vision as a major step on the way to our long term vision. We expect that, by the time we approach achievement of the Target State Vision, our vision of our desired future will have evolved again.

While we expect our vision of how to modernize SFA to evolve, our vision for the results we must strive to achieve is clear and unchanging.

Specifically our goals are to:

- Increase customer satisfaction to the average level enjoyed by the private sector financial industry as measured by the American Consumer Satisfaction Index. The current average customer satisfaction value for this industry on that survey is 74. Our goal is to reach this level by 2002 (from 63 in 1999).
- By FY04, reduce unit costs (average annual SFA cost per aid recipient) by 19% below the level costs would rise to if modernization did not occur. Since SFA's workload is shifting to higher cost products and services, the goal translates to a unit cost goal of \$18.06 per aid recipient 2004. Achieving this goal will keep SFA's total budget at a level consistent with the President's budget and the mandated appropriation so that SFA's overall cost of operation would remain flat over this period.
- Increase SFA employee satisfaction to the employee satisfaction level enjoyed by the private sector as measured by the Gallup Workplace Management tool. The average employee satisfaction rating for government, as measured by Gallup, is 3.4 out of a possible five. The "grand mean," as its called, for the private section is 3.6. SFA is committed to raising our employee satisfaction level to at least 3.6 by 2004.